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THE

## Real Cause of Agricultural Distress.

By Mr. R. LACEY EVERETT, M.P.

(Radical Member for the Woodbridge Division of Suffolk.)

## PRIZE ESSAY ON BIMETALLISM,

Reprinted from "The Cable," Oct. 27th, 1894.

**SUBJECT:** The Effects Resulting from Gold Monometallism on the Prices of Agricultural Produce; and the Relief to be Obtained for the Present Agricultural Depression by the Restoration of Silver—under an International Agreement—to its Former Legal Tender Power, through Open Mints for the Coinage of both Precious Metals at a Fixed Ratio.

WE all know that for some time past farming in this country has been in a very bad way. Much of our land is not farmed near as well as it was, farmers not being able to find the money with which to pay wages. In most neighbourhoods a good deal of land which was under the plough has been put down to grass. In some counties, as Essex, Hampshire, Wiltshire, etc., a good deal has been abandoned altogether, and the farm-houses, premises, and cottages are going to ruin. In many hundreds, if not thousands, of villages to-day, cottages to which industrious, honest labourers once took home their brides, and in which they lived and brought up their families, may be seen standing empty—with windows broken or boarded up, and no prospect of finding new tenants. The labourers and their families who once lived in them have been driven to the towns to increase the already too fierce competition for employment there.

The losses farmers have had to suffer may be counted by scores of millions of pounds, and those of the landlords by hundreds of millions. Numbers of farmers—many of them once well off—have lost all the savings of a lifetime, and are now bankrupt, broken-hearted, and ruined. Many of the landlords have had to reduce their establishments, and some are no longer able to live in their old homes, but have had to let them to strangers. Village tradesmen are finding their trade falling away; the incomes of the clergy and of the ministers of the dissenting chapels are drying up. Everywhere in the villages there is shrinkage and pinching.

Why is this?

Why are things so different from what they were a few years ago?

There may be several contributory causes—but the chief beyond all question is the *fall in prices*. Year by year, the produce of the farm has sold for less and less, thus reducing the income of the villages. If there is not the income from the land it of course cannot be spent. The farmer suffers first, as he is the seller of most of the produce. From him the loss passes on to the other classes. There can be no real improvement in the state of our villages unless the fall in prices is stayed. Agriculture cannot possibly revive while the returns of the cultivator of the soil gets smaller each year.

I am going to try and show what has caused the fall in prices which has been going on now with little check for the last fifteen or twenty years, and which shows no sign of having come to an end. The explanation is perfectly clear and simple when we know all the facts.

What do we mean by "price"? By "price" we mean the quantity of money which what we sell will exchange for. When we sell anything we may be said to have made a "deal" with somebody, he takes our goods and we take his money. We often haggle a good deal before the "deal" is finished. When it is finished the buyer takes our goods and gives us in exchange as much as it is agreed of his money.

Thus you will see that every sale is really a barter, a barter of what we have to sell for money. Money is half of every bargain; and if anything happens to money to raise its value it has just the same effect on the bargain as if something had happened to what we sell. We know that if there were to be very deficient harvests throughout the world for two or three years that would make corn scarce and send up the price. Just so, if for several years the harvest of money is very deficient, money goes up in value, and anybody wanting any has to give more produce for it.

Now this is just what has happened to money during the last twenty years. All that while there have been short harvests of it.

Well, there, I think I hear you say, "I never heard of the harvest of money; I have heard of the corn harvest and the hay harvest, of fruit gathering, of the hop picking, of the potato harvest—but I never yet heard of the money harvest!"

I do not wonder at your answer. I have myself often seen the reapers and the mowers in the corn and hay fields; I have seen the hop-pickers, and the potato diggers, here at home—and the grape gatherers in the vineyards abroad, but I never saw the gathering in of the money harvest.

All the same there is a money harvest; it is certain money comes from somewhere. Where does it come from? We won't trouble about the coppers, they are not of much account; but the silver and the gold money—where does it come from? Why, it comes out of the mines, which are found in different countries; and is

washed out of the sands or crushed out of the rocks, often with much toil and hard labour. In most of the mines both the precious metals are found together; but some produce only one or only two others. The finding of these mines is very much a matter of chance. About 350 years ago a poor Indian, in South America, scrambling up the side of a steep cliff in pursuit of a wounded deer, was helped himself up by laying hold on the bushes which grew out of the soil, when one of them came up by the roots, and let him down with it in his hand. Looking at it when he picked himself up at the bottom, he saw something shining at the root. Climbing up again to see the place where he had found it, he saw silver shining in the earth. This was how the famous silver mines of Potosi were discovered. From these—all through Queen Elizabeth's reign, and right away through the two following centuries—immense quantities of silver flowed into England and Europe. Through all those years there was a plentiful harvest of silver each year.

What followed from this? I will tell you. When Queen Elizabeth began to reign, it took more than a bushel of wheat to buy a shilling. When she died, a bushel would buy nearly three. In the next century and the next, the harvests of silver still continuing good, a bushel would exchange one year with another for about five shillings. It did not take any more labour to grow a bushel of wheat at the end of the time than at the beginning. But silver had become more plentiful, therefore a bushel of wheat would exchange for more of it.

Now let me tell you something about the harvest of gold. In January, 1548, a miller was digging a trench to make a channel for the waste water from his mill to run in, in California, one of the States of North America. When he left off at night, he let the water in to wash a ray some of the soil while he slept. When he came back in the morning and turned the water off so that he could go on with his work, he noticed some yellow-looking stones which the water in his washing had left behind. Picking them up, he found them extraordinarily heavy. Why, says he to himself, surely this must be gold. He took his find to be examined, and indeed it was gold.

This was the beginning of the wonderful, gold discoveries in California which we used to hear so much about. Two or three years later by a accident also—gold was discovered in Australia. During the next twenty years there was the most abundant yearly harvest of gold which the world has ever had. During the early part of this century the harvest of gold from the world's mines was only about enough to make two million sovereigns a year. On the average of the twenty years following the great gold discoveries it rose to enough to make thirty millions, or ten times as much!

Certainly enough, the Corn Laws were taken off just before the gold discoveries began. When they were taken off, the farmers and landowners of those days said, "Now we shall be ruined by foreign competition." It was an old enough to remember well what fears there were. For a few years things were very bad. In the country where I live there were bitter complaints, and wages of farmers went down to 8s. a week. And even with those miserable wages employment was very hard to get. To this day I remember how my heart ached at the sight of the sorrowful face of men with families to keep at home, who came to be set on, but whom none

of the farmers wanted. God knows how bad I felt when I had to tell them from my father that he could not set them on. Some of those faces haunt me to this day. Things were as flat then in the towns as on the farms. Men could not go there and get work as they have been able to do in later years.

But about 1833 the new gold began to tell, and from that time for the next twenty-five years farming never looked back. Instead of agriculture being ruined under free trade, as it had been feared, it thrived better than it had ever done before, and the towns thrived just as well. There never was such a time of prosperity through the world as in that quarter of a century, from 1833 to 1878. The produce of the land—taking it all round—the corn, the wool, and the meat together, instead of falling in price, on the whole rose. The product of an acre of land brought to the farmer more money. The income of each village year by year steadily increased. The farmer got the advantage first, then the landlord and the other classes began to share. The labourer was the last to get the full benefit, just as he has been the last to feel the brunt of the present evil times now, but the benefit came in the end to him too.

As the income from land kept increasing in those good times employment began to increase, labour was in demand, then wages began to move upward, and the independence of the labourer greatly increased. If one farmer did not want a man another would be beside this, even more and more men were wanted in the towns, for the towns thrive as well as the country. The new flood of gold brought these blessed fruits. As money multiplied everyone found money easier to get. Incomes kept increasing instead of decreasing. Abundant money showed itself a friend to industry, production, and labour. In those days Government kept taking off taxes, and yet those that were left produced an increasing national income each year. Those were happy years of surpluses, instead of deficits, in the National Exchequer. The wonderful prosperity of those years led to the people being better fed, better clothed, better housed, better taught, and better employed than they had ever been before. It is the wealth gained in those years which has kept the country going as well as it has gone through the terrible losses of the last few disastrous years.

An abundant harvest of money then is a good thing.

Most of the readers of the *Cable*, I expect and hope, are readers of the Bible too. There is one striking illustration there of the blessings of abundant money brings. I refer to the story of King Solomon's reign. We read that "He made silver as stones for abundance in Jerusalem." We read also that "The people were many, as the sand which is by the sea in multitude, eating and drinking and making merry." We read, too, that "They dwelt safely, every man under his vine and under his fig tree, all the days of King Solomon." Increase of numbers, plenty, security, happiness, these were their portion during those years of abundant money. May we not say, "Happy is the people that is in such a case."

But now there is another thing that I want to point out to you. The precious metals do not become money until they have been through the Mint, and are coined. If they are not allowed to be coined they do not become

money at all, and their plentiful production is of comparatively little profit to any but their owners. In all past times that ever I read of have silver and gold brought to their Mints to be turned into money; they welcomed either or both as a blessing.

In order to have good yearly harvests of money, there must be abundant produce from the mines, and there must also be open Mints to coin that produce. I think this is plain to see.

This brings me to the explanation of why times are so different now from what they were; of why the produce of our farms exchanges yearly for less and less money that it used to do; of why the incomes of most of us keep going down instead of up.

The explanation is perfectly simple. Taking the two precious metals together, the annual harvest of the mines during the last twenty years has been very good, it has increased, not fallen off. But, in country after country, beginning with Germany in 1873, and finishing with India in 1893, Mints have been wholly or partially closed against silver. One half of the old source of supply of money has been cut off. The natural and inevitable effect of this has been that year by year money in all these countries keeps increasing in value. An artificial scarcity of it has been created in them by law. The result is, that year by year we have to give more and more wheat, or barley, or wool, or potatoes, or whatever we produce, in order to get money. And if we have fixed rents to pay, or interest, or taxes, evil indeed is our case. For, where we used to be able to pay with 100 bushels of corn we have now to give 150. The brunt of this fell first upon employers, it is now beginning to come upon the working man.

But I think I hear the reader of the *Cable* say—"But whoever could have put forth the idea of closing the Mints?" Well may you say so. Does not everyone desire money? Does not every toiler in the country desire to get as much of it as possible for his labour, if he works for wages, or for his produce, if he lives by selling that? Can anybody look upon shillings, or half-a-crowns, as other than good things?

In no country where Mints have been thus closed has it been by the wish of the people. No, indeed; on the contrary, it has been done behind their backs. And the real fathers of this strange new policy, I believe, are the world's great money-lenders. They have the wit to see that if they could shorten the annual harvest of money it would add to their riches. The less money there is, the more labour and the more of the products of labour their money would buy. Each sovereign they possessed would become more and more valuable, and would buy more of the result of men's sweat and toil.

Kings and rulers, who also, too often are borrowers, and under obligations to the great money-lenders, naturally are often more ready to listen to the owners of millions of money than they are to the wishes of dumb millions of men. So the money lords have had their way, and the groaning toilers—on the land or on the sea—have seen their incomes and their employment dwindling away. On farms, in factories, in foundries, in mines, the toiler has to produce more and ever more output, in exchange for his old rate of wage. If he cannot do this, his employment dries up, and he must

either emigrate or starve. And the man who owes money has to give the fruit of a great deal more toil to redeem his debt or to keep up the interest upon it.

What the people should do now is therefore very plain. They should demand to have free coinage restored to them, and so an end put to the present artificial famine of money. Why should man's law—passed for the benefit of money-lenders—deprive us of the free use of nature's treasure annually brought up out of the mines?

The root of the agricultural depression we are suffering under now is undoubtedly the fall in prices, the less and less money which we get for our produce. Let the supply of money become free again and it would very quickly become more plentiful, so that our produce and labour would buy more of it, just as they did years ago in Queen Elizabeth's reign, and since during the progress of the great gold discoveries in Queen Victoria's reign. It is as foolish to limit the supply of money as it would be to limit the supply of food, or clothing, or light, or air. What everybody wants, and what no one can do without, ought to be quite free. Every silver coin, and every gold coin which is in circulation, is as a good angel to him that has it. Let us have as many of these good things as the yearly harvest of the mines and open Mints will be able to produce. Money is the very life of industry, of employment, and of production. The people's blessings should be upon the head of him who helps to make money abundant, and their curses on him who artificially makes it scarce.

The restoration of free coinage would do more than anything else that can be done to bring back prosperity to our land. By making money more abundant we should increase the reward of industry. We are disheartened now because we continually have to give more and more labour or produce for money. With money in full and free supply, what we have to sell, whether it is our labour or our produce, would bring us more money instead of less, to our great encouragement and profit.

Free coinage, for both silver and gold, should be our demand from the Government and the country. I hope every one of you will press the demand on any parliamentary candidate who asks for your vote. It is believed that the other great nations would gladly join with England in returning to free coinage if England will only show herself willing to join with them. Some of our cleverest public men, like Mr. Balfour, Mr. Courtney, and Mr. Chaplin, are in favour of this course. So are most of the Lancashire members, of both sides of politics, as they believe it would help this country in trading with the East, where silver money only is used. All, or nearly all, the professors of political economy in our colleges believe it would help our industry and commerce, and especially the great industry of agriculture. The teachers of political economy (dead as well as living) are agreed as to the effect of an increase or decrease of money.

David Hume says, "In every industry into which money begins to flow in greater abundance than formerly, everything takes a new face, labour and industry gain new life, the merchant becomes more enterprising, the manufacturer becomes more diligent and skilful, and even the farmer follows his plough with greater alacrity and attention."

Adam Smith says:—"The quantity of goods or labour which a given quantity of gold or silver will exchange for depends always upon the fertility or barrenness of the mines which happen to be known about the time when such exchanges are made."

And Ricardo:—"That commodities rise or fall in price in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible."

In reading not long since about the great agricultural depression which began in England soon after 1819, I lit upon the following interesting story. A Committee of the House of Commons was sitting to inquire into the causes of the distress, just as a Royal Commission is sitting now. Among other witnesses whom it called to give evidence was Mr. Attwood, a banker in Birmingham, who was also M.P. for Whitehaven. This is what passed, he told us, when they began to examine him:—

"I remember that in April, 1821, I was examined before the Agricultural Committee of the House of Commons. They told me openly and publicly that they had passed a resolution (that they would not inquire into the currency (the money) part of the question, and that I must confine my observations to agricultural part of it.

"'Good God!' said I, 'gentlemen, what are you? Are you not a committee appointed by the House of Commons to inquire into the cause of the distress of Agriculture?'

"'Certainly,' said they.

"'And what is the distress of agriculture?' said I; 'is it not the low price of agricultural produce?'

"'Unloubtedly,' said they.

"'Is there any other distress in agriculture except the low price of agricultural produce?'

"'Certainly not.'

"'What is the low price of agricultural produce? Is it not the small quantity of money or currency which agricultural produce commands in the market?'

"'Most certainly it is.'

"'Why, then,' said I, 'do you mean to say that you have passed a resolution declaring that you will not inquire into the very subject which you are expressly appointed to inquire into?'

"'I could get no further answer than this.'

When I read this, I am bound to say I thought that Mr. Attwood had a great deal the best of the argument with the committee.

It will be noted that there was a "currency" or "money" question then. It arose in this way. England went to war with France at the end of last century. After a little the fear arose that an invasion of this country by Buonaparte would be attempted. Then everybody who had any silver or gold began to hoard it, not knowing what was going to happen to other kinds of property.

As the country could not go on without money, the Government took to issuing paper money for daily use. They put out one-pound and two-pound notes, and these came to be the principal money in use. I have heard an old farmer say he could remember his mother, who was the treasurer of their family, wearing a great iron with pockets in front of it, in which she used to keep her one-pound notes. Well, these notes were the money in general use in

England for twenty years down to 1819. And it was when in that year a law was passed to do away with these notes that the great agricultural distress of those times began. The notes being stopped, merchants, millsters, millers, etc., had to find silver or gold ("hard cash," as it was called) to pay the farmer for his produce. As hard cash was not near so plentiful as the notes had been, down thump came the price of produce. And though Corn Laws were put on to stop any wheat from coming in from abroad when the price was below 80s. a quarter, that is 10s. a bushel, yet by 1822 the price had come down to about half that sum. Owing to the doing away of so much money, a scarcity of money was created, and everyone who wanted money had to give more of his produce or of his toil to obtain it. This was the currency question that Mr. Attwood spoke of. It was the doing away of the £1 notes that in his view, and in the view of most of the great statesmen of those days, of both political parties, caused the agricultural distress. A dreadful time, indeed, of suffering they had then. Farmers were ruined wholesale. Land went out of cultivation just as it is going now; trade in the towns became terribly bad. Thousands of men in the villages and towns had to stand about idle because they could not get work. Wages went down to starvation point. The workhouses were filled with able-bodied men and women who, not being able to obtain employment, had to go there to escape starvation. And many an unfortunate man who was willing to work but could not get it to do, became tempted to steal, or to break the machines which he thought were taking the bread, out of his mouth, or to set fire to property in revenge. Many of these unfortunate people died upon the gallows, for our laws were terribly cruel to evildoers then. There was nearly civil war in this country in some of the years between 1819 and 1833; and it was chiefly caused, as may be read in the history of those times, by the fall in prices caused by the doing away with the old abundant supply of the people's money.

History is repeating itself now. The supply of money has been out short by law, and in consequence prices measured by money keep going down. The plain remedy is to make money free again. Let Mints be again—as they used to be—free to coin silver as well as gold.

This is what is meant by "bi-metalism." I wish that word had never come into use, as a great many people don't know what it means. It really means returning to the unrestricted use of the two metals, silver and gold; and until that free use is returned to, the probability is that the fall in prices will continue. The general level of prices depends on the greater or less plentifulness of money in circulation—and money, of course, cannot be so plentiful when one metal only is the source of our supply instead of the two.

Our distress is that we don't get enough money for our produce. The natural remedy is to restore the free use of silver as well as gold.

There is the clearest evidence to prove that since Mints began to be closed against silver, gold has risen in value 50 per cent., and gold being the standard by which we measure value, no wonder that prices have fallen as low as they have.

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